



STATE OF WASHINGTON

DEPARTMENT OF COMMUNITY, TRADE AND ECONOMIC DEVELOPMENT

Energy Policy Division

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Subject: BPA Transmission Adequacy Standards – Draft Discussion Paper

Please accept our late comments on BPA's Transmission Adequacy draft paper. The Energy Policy Division of the Dept. of Community, Trade, and Economic Development (CTED) is very pleased that BPA is considering ways to establish meaningful transmission adequacy standards. Your draft paper does a good job of summarizing the range and scope of issues around transmission adequacy. There are several major efforts underway to address resource adequacy and adequacy standards for electricity and natural gas but they are not specifically considering transmission adequacy standards.

We encourage BPA to continue this effort and believe that the proposed schedule (page 10) is reasonable. Our one concern is that there are already numerous transmission related processes underway in the Northwest. Many of the organizations and individuals who would be involved in discussions related to transmission adequacy are likely to be the same ones who are actively involved in other transmission proceedings. For that reason, BPA should develop a carefully planned schedule that maximizes the ability of stakeholders to be involved in the process while minimizing their time commitment.

We have several comments on the proposal which may help BPA to more precisely focus your efforts.

1) We strongly agree that transmission adequacy is a critical component of a functioning NW electricity system. Although there are important differences between transmission and generation adequacy, ultimately they are inexorably linked. Any development of transmission standards should be closely coordinated with resource adequacy efforts such as those being undertaken by the Resource Adequacy Workgroup under the auspices of the Western Electricity Coordinating Council (WECC) and the Western Resources Adequacy Team (WRAT) under the auspices of the Committee on Regional Electric Power Cooperation (CREPC).

2) Although BPA only has explicit responsibility for the transmission infrastructure that you specifically control, your adequacy work should encompass the entire NW system. It also should be linked as closely as possible to transmission reliability activities in the entire Western Interconnection. BPA should examine National Electric Reliability Council (NERC) analyses on resource and transmission adequacy as well.

3) Initially BPA should focus on the physical adequacy of the transmission system especially as it relates to reliability. You should develop physical adequacy standards prior to expanding to include economic and market adequacy issues. Although these later components are important, it is equally important that you not initially get bogged down trying to resolve issues of market adequacy.

4) Your adequacy work should include explicit consideration of load shedding and other demand management strategies. The NW Power and Conservation Council's draft 5th Power Plan explicitly includes consideration of demand response as a valuable tool for the NW electricity system. Including demand management in the standard would support the Council's policy direction.

5) BPA should continue to place a high priority on non-wires solutions to transmission adequacy especially in light of the funding constraints faced by BPA and the long-lead times necessary for new lines. BPA should include criteria in any adequacy standard that recognizes the value of non-wires alternatives.

BPA is to be commended for taking on this important issue. We look forward to working with you as this process progresses.



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